

## Schools Forum

18<sup>th</sup> October 2012

### Dedicated Schools Grant (DSG) Outturn 2011/12

#### Recommendation

The School Forum is recommended to:

- Comment on the financial outturn position of the Dedicated School Grants as included as part of the authority's financial accounts for 2011/12.
- Agree that the General DSG Reserve is retained in full until we have more clarity around budget levels for 2013/14.

#### 1. Introduction

1.1 The Dedicated School Grant (DSG) is the main funding stream that Warwickshire County Council is allocated to fund Schools and various pupil led services (predominantly Early Years and SEN).

1.2 The total DSG allocation for 2011/12 was £295.235m of which £251.507 (85.2%) was allocated to WCC maintained schools. While this is a reduction against the 2011/12 percentage, this change wholly relates to DSG funding being recouped by the Department for Education for those schools that transferred to Academy status during the year. Early Years providers were allocated £11.210m for 3 & 4 year old education, while centrally managed services were allocated £32.518m.

#### 2 DSG Outturn Position

2.1 The final expenditure position against these allocations is included in the table below. It illustrates that WCC Maintained schools overspent their allocations by £2.421m, while there was also an over-spend against non-school budgets (including 3 & 4 year old provision) of £2.905m. Both of these balances are offset against DSG / School Balances.

Description	2011/12 Budget £m	2011/12 Out-turn £m	Variance £m
Schools ISB	251.507	253.928	2.421
3 & 4 Year Old Provision	11.210	11.911	0.701
Centrally Managed Services	32.518	34.722	2.204
<b>Total DSG</b>	<b>295.235</b>	<b>300.561</b>	<b>5.326</b>

### 3 Individual School Balances (ISB) - WCC maintained schools

3.1 The Individual School Balances began the year at £22.589m, as a result of the final out-turn position with Individual School Budgets (ISB) the WCC Maintained school balances at year end are £20.131m and are the balances for schools that were maintained by WCC on 31<sup>st</sup> March 2012.

### 4 Centrally Managed Expenditure

4.1 Overall, including 3 & 4 year old provision, the 2011/12 outturn against non-ISB budgets was an over-spend of £2.905m. The over-spend (which will be met from earmarked DSG reserves) is the result of planned use of reserves as well as the increased unit cost of educating small numbers of very specialised and unique needs children in out of county settings. There has also been a higher than expected take up of the additional hours of free education for 3 & 4 year olds, these DSG over-spends were offset by under-spends within the Teaching & Learning service within the Integrated Disability Service.

<b>Detail of the Centrally Managed Services</b>	<b>2011/12 Budget £m</b>	<b>2011/12 Outturn £m</b>	<b>Variance £m</b>
In year Statements	1.539	1.554	0.014
Out of County	8.890	9.754	0.864
Hospital Tuition	0.473	0.301	(0.172)
EMAG	0.328	0.368	0.040
Admissions	0.561	0.479	(0.082)
IDS	3.320	3.073	(0.247)
Secondary PRU	2.417	2.880	0.463
One Offs & Forum Agreements	5.984	7.887	1.904
Central Management Overheads	2.350	2.350	0
Other	6.656	6.076	(0.580)
<b>Centrally Managed Services</b>	<b>32.518</b>	<b>34.722</b>	<b>2.204</b>
3 & 4 Year Old Provision	11.210	11.911	0.701
<b>TOTAL</b>	<b>43,728</b>	<b>46,633</b>	<b>2,905</b>

### 5 Reserves and Balances

5.1 As mentioned above, the effect of the outturn financial position on school related reserves is as follows:

<b>Reserve</b>	<b>Opening Balance £m</b>	<b>Movement £m</b>	<b>Closing Balance £m</b>
Schools Reserve	22.589	(2.458)	20.131
General DSG reserve	4.363	(2.675)	1.688
<b>Total</b>	<b>26,952</b>	<b>(5.133)</b>	<b>21.819</b>

5.2 School balances have reduced this year and a specific report regarding schools balances and how these should be treated is included elsewhere on the agenda.

5.3 There continues to be a lot of uncertainty around funding that will be formally transferred into DSG as a result of the funding changes. Additional funding associated with post-16 SEN and free education offer for 2 year olds is expected to be transferred in but at this stage there is little clarity as to how much this will be. As a result, because of this uncertainty it is proposed that the General DSG reserve is maintained as a general contingency at this stage. A further report of its future use will be brought to the Forum when the 2013/14 budget is set, at which time we should have a full understanding of funding levels for the new financial year.

## 6 Conclusion

6.1 For the first time in a number of years both ISB and centrally managed DSG services have reduced their balance levels. In particular, centrally managed reserves were reduced by 60% with particular planned overspends being agreed with the School Forum mid-year.

6.2 There continues to be significant uncertainty around any additional DSG that may be allocated for 2013/14 so it is proposed that the general DSG reserve is retained to mitigate financial risk associated with these transferred balances.

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